

## **HIGHLIGHTS OF THIS ISSUE**

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

### **INCOME TAX**

#### **P.L. 104-193, page 4.**

An Act to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

### **EXEMPT ORGANIZATIONS**

#### **Announcement 96-118, page 12.**

A list is given of organizations now classified as private foundations.

### **ADMINISTRATIVE**

#### **Announcement 96-116, page 12.**

Under section 51 of the Code, the Service will allow

employers to leave blank the date of birth entry on Form 8850, Work Opportunity Credit Pre-Screening Notice and Certification Request, for job applicants who are age 25 and older.

#### **Announcement 96-117, page 12.**

Corporations electing to apply the temporary regulations in T.D. 8678 retroactively, which relate to the operation of sections 382 and 383 of the Code with respect to consolidated groups, must file such amended returns before March 26, 1997.

#### **Announcement 96-119, page 13.**

Form 1099-MISC has been revised for reporting excess golden parachute payments.

Finding Lists begin on page 17.

Announcements of Disbarments and Suspensions begin on page 14.

## **Mission of the Service**

The purpose of the Internal Revenue Service is to collect the proper amount of tax revenue at the least cost; serve the public by continually improving the

quality of our products and services; and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency and fairness.

## **Statement of Principles of Internal Revenue Tax Administration**

The function of the Internal Revenue Service is to administer the Internal Revenue Code. Tax policy for raising revenue is determined by Congress.

With this in mind, it is the duty of the Service to carry out that policy by correctly applying the laws enacted by Congress; to determine the reasonable meaning of various Code provisions in light of the Congressional purpose in enacting them; and to perform this work in a fair and impartial manner, with neither a government nor a taxpayer point of view.

At the heart of administration is interpretation of the Code. It is the responsibility of each person in the Service, charged with the duty of interpreting the law, to try to find the true meaning of the statutory provision and not to adopt a strained construction in the belief that he or she is "protecting the revenue." The revenue is properly protected only when we ascertain and apply the true meaning of the statute.

The Service also has the responsibility of applying and administering the law in a reasonable, practical manner. Issues should only be raised by examining officers when they have merit, never arbitrarily or for trading purposes. At the same time, the examining officer should never hesitate to raise a meritorious issue. It is also important that care be exercised not to raise an issue or to ask a court to adopt a position inconsistent with an established Service position.

Administration should be both reasonable and vigorous. It should be conducted with as little delay as possible and with great courtesy and considerateness. It should never try to overreach, and should be reasonable within the bounds of law and sound administration. It should, however, be vigorous in requiring compliance with law and it should be relentless in its attack on unreal tax devices and fraud.

# Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents of a permanent nature are consolidated semi-annually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations,

court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

## **Part I.—1986 Code.**

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

## **Part II.—Treaties and Tax Legislation.**

This part is divided into two subparts as follows: Subpart A, Tax Conventions, and Subpart B, Legislation and Related Committee Reports.

## **Part III.—Administrative, Procedural, and Miscellaneous.**

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

## **Part IV.—Items of General Interest.**

With the exception of the Notice of Proposed Rulemaking and the disbarment and suspension list included in this part, none of these announcements are consolidated in the Cumulative Bulletins.

The first Bulletin for each month includes an index for the matters published during the preceding month. These monthly indexes are cumulated on a quarterly and semiannual basis, and are published in the first Bulletin of the succeeding quarterly and semi-annual period, respectively.

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For sale by the Superintendent of Documents U.S. Government Printing Office, Washington, D.C. 20402.

## Part II. Treaties and Tax Legislation

### Subpart B.—Legislation and Related Committee Reports

**Public Law 104-193**  
**104th Congress, H.R. 3734<sup>1</sup>**  
**August 22, 1996**

An Act to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Personal Responsibility and Work Opportunity Reconciliation Act of 1996”.

\* \* \* \* \*

#### TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

\* \* \* \* \*

#### SEC. 110. CONFORMING AMENDMENTS TO OTHER LAWS.

\* \* \* \* \*

(l) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

(1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by striking all that follows “agency as” and inserting “being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer.”;

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking “eligibility for aid or services,” and all that follows through “children approved” and inserting “eligibility for assistance, or the amount of such assistance, under a State program funded”;

(3) in section 6103(l)(7)(D)(i) (26 U.S.C. 6103(l)(7)(D)(i)), by striking “aid to families with dependent children provided under a State plan approved” and inserting “a State program funded”;

(4) in section 6103(l)(10) (26 U.S.C. 6103(l)(10))—

(A) by striking “(c) or (d)” each place it appears and inserting “(c), (d), or (e)”; and

(B) by adding at the end of subparagraph (B) the following new sentence: “Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.”;

(5) in section 6103(p)(4) (26 U.S.C. 6103(p)(4)), in the matter preceding subparagraph (A)—

(A) by striking “(5), (10)” and inserting “(5)”; and

(B) by striking “(9), or (12)” and inserting “(9), (10), or (12)”;

(6) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking “(relating to aid to families with dependent children)”;

(7) in section 6402 (26 U.S.C. 6402)—

(A) in subsection (a), by striking “(c) and (d)” and inserting “(c), (d), and (e)”; and

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

“(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV—A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 405(e) of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).”; and

(8) in section 7523(b)(3)(C) (26 U.S.C. 7523(b)(3)(C)), by striking “aid to families with dependent children” and inserting “assistance under a State program funded under part A of title IV of the Social Security Act”.

(m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by striking “State plan approved under part A of title IV” and inserting “State program funded under part A of title IV”.

\* \* \* \* \*

### TITLE III—CHILD SUPPORT

\* \* \* \* \*

#### Subtitle B—Locate and Case Tracking

\* \* \* \* \*

#### SEC. 316. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

\* \* \* \* \*

(g) CONFORMING AMENDMENTS.—

\* \* \* \* \*

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking “Secretary of Health, Education, and Welfare” each place such term appears and inserting “Secretary of Health and Human Services”;

(B) in subparagraph (B), by striking “such information” and all that follows and inserting “information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph.”;

(C) by striking “and” at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

E) by inserting after subparagraph (A) the following new subparagraph:

“(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and”.

\* \* \* \* \*

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting

<sup>1</sup>This publication of the law is restricted to excerpts involving tax matters.

after subparagraph (A) the following new subparagraph:

“(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

“(i) The address and social security account number (or numbers) of such individual.

“(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.”.

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking “(l)(12)” and inserting “paragraph (6) or (12) of subsection (l)”.

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

“(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.”.

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking “subsection (l)(12)(B)” and inserting “paragraph (6)(A or (12)(B) of subsection (l)”.

\* \* \* \* \*

#### **Subtitle G—Enforcement of Support Orders**

### **SEC. 361. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.**

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of

1986 (relating to collection of certain liability) is amended—

(1) by striking “and” at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting “, and”;

(3) by adding at the end the following new paragraph:

“(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.”; and

(4) by striking “Secretary of Health, Education, and Welfare” each place it appears and inserting “Secretary of Health and Human Services”.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

\* \* \* \* \*

### **TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS**

\* \* \* \* \*

#### **Subtitle F—Earned Income Credit Denied to Unauthorized Employees**

### **SEC. 451. EARNED INCOME CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.**

IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

“(F) IDENTIFICATION NUMBER REQUIREMENT.—The term ‘eligible individual’ does not include any individual who does not include on the return of tax for the taxable year—

“(i) such individual’s taxpayer identification number, and

“(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual’s spouse.”.

(b) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

“(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social secu-

rity number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).”.

(c) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended by striking “and” at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting a comma, and by inserting after subparagraph (E) the following new subparagraphs:

“(F) an omission of a correct taxpayer identification number required under section 32 (relating to the earned income credit) to be included on a return, and

“(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to returns the due date for which (without regard to extensions) is more than 30 days after the date of the enactment of this Act.

\* \* \* \* \*

### **TITLE IX—MISCELLANEOUS**

\* \* \* \* \*

### **SEC. 909. RULES RELATING TO DENIAL OF EARNED INCOME CREDIT ON BASIS OF DISQUALIFIED INCOME.**

(a) REDUCTION IN DISQUALIFIED INCOME THRESHOLD.—

(1) IN GENERAL.—Paragraph (1) of section 32(i) of the Internal Revenue Code of 1986 (relating to denial of credit for individuals having excessive investment income) is amended by striking “\$2,350” and inserting “\$2,200”.

(2) ADJUSTMENT FOR INFLATION.—Subsection (j) of section 32 of such Code is amended to read as follows:

“(j) INFLATION ADJUSTMENTS.—

“(1) IN GENERAL.—In the case of any taxable year beginning after 1996, each of the dollar amounts in subsections (b)(2) and (i)(1) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 1995’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(2) ROUNDING.—

“(A) IN GENERAL.—If any dollar amount in subsection (b)(2), after being increased under paragraph (1), is not a multiple of \$10, such dollar amount shall be rounded to the nearest multiple of \$10.

“(B) DISQUALIFIED INCOME THRESHOLD AMOUNT.—If the dollar amount in subsection (i)(1), after being increased under paragraph (1), is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.”.

(3) CONFORMING AMENDMENT.—Paragraph (2) of section 32(b) of such Code is amended to read as follows:

“(2) AMOUNTS.—The earned income amount and the phase-out amount shall be determined as follows:

In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
1 qualifying child	\$6,330	\$11,610
2 or more qualifying children	\$8,890	\$11,610
No qualifying children	\$4,220	\$ 5,280”.

(b) DEFINITION OF DISQUALIFIED INCOME.—Paragraph (2) of section 32(i) of such Code (defining disqualified income) is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting a comma, and by adding at the end the following new subparagraphs:

“(D) the capital gain net income (as defined in section 1222) of the taxpayer for such taxable year, and

“(E) the excess (if any) of—

“(i) the aggregate income from all passive activities for the taxable year (determined without regard to any amount included in earned income under subsection (c)(2) or described in a preceding subparagraph), over

“(ii) the aggregate losses from all passive activities for the taxable year (as so determined).

For purposes of subparagraph (E), the term ‘passive activity’ has the meaning given such term by section 469.”.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26, 1996, has in effect an earned income eligibility certificate for the individual’s taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

## SEC. 910. MODIFICATION OF ADJUSTED GROSS INCOME DEFINITION FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Subsections (a)(2)(B), (c)(1)(C), and (f)(2)(B) of section 32 of the Internal Revenue Code of 1986 are each amended by striking “adjusted gross income” each place it appears and inserting “modified adjusted gross income”.

(b) MODIFIED ADJUSTED GROSS INCOME DEFINED.—Section 32(c) of such Code (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

“(5) MODIFIED ADJUSTED GROSS INCOME.—

“(A) IN GENERAL.—The term ‘modified adjusted gross income’ means adjusted gross income de-

termined without regard to the amounts described in subparagraph (B).

“(B) CERTAIN AMOUNTS DISREGARDED.—An amount is described in this subparagraph if it is—

“(i) the amount of losses from sales or exchanges of capital assets in excess of gains from such sales or exchanges to the extent such amount does not exceed the amount under section 1211(b)(1),

“(ii) the net loss from estates and trusts,

“(iii) the excess (if any) of amounts described in subsection (i)(2)(C)(ii) over the amounts described in subsection (i)(2)(C)(i) (relating to nonbusiness rents and royalties), and

“(iv) 50 percent of the net loss from the carrying on of trades or businesses, computed separately with respect to—

“(I) trades or businesses (other than farming) conducted as sole proprietorships,

“(II) trades or businesses of farming conducted as sole proprietorships, and

“(III) other trades or businesses.

For purposes of clause (iv), there shall not be taken into account items which are attributable to a trade or business which consists of the performance of services by the taxpayer as an employee.”.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26, 1996, has in effect an earned income eligibility certificate for the individual’s taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

\* \* \* \* \*

Approved August 22, 1996.

**Conference Report No. 104-725<sup>1</sup>**  
**2nd Session**

[Bracketed numerals indicate official report  
page numbers]

**PERSONAL RESPONSIBILITY AND  
WORK OPPORTUNITY  
RECONCILIATION ACT OF 1996**  
**August 1, 1996**

Mr. KASICH, from the committee of  
conference, submitted the following con-  
ference report to accompany H.R. 3734

\* \* \* \* \*

**TITLE 1—BLOCK GRANTS FOR  
TEMPORARY ASSISTANCE FOR  
NEEDY FAMILIES**

\* \* \* \* \*

**[319] 99. CONFORMING  
AMENDMENTS TO OTHER LAWS**

*Present Law*

No provision.

*House bill*

This section makes a series of amend-  
ments that conform provisions of the  
proposal to the Unemployment Compens-  
ation Amendments of 1976, the Omni-  
bus Budget Reconciliation Act of 1987,  
the Housing and Urban-Rural Recovery  
Act of 1983, the Tax Equity and Fiscal  
Responsibility Act of 1982, the Social  
Security Amendments of 1967, the  
Stewart B. McKinney Homeless Assis-  
tance Amendments Act of 1988, the  
Higher Education Act of 1965, the Carl  
D. Perkins Vocational and Applied Tech-  
nology Education Act, the Elementary  
and Secondary Education Act of 1965,  
Public Law 99-88, the Internal Revenue  
Code of 1986, the Wagner-Peyser Act,  
the Job Training Partnership Act, the  
Low-Income Home Energy Assistance  
Act of 1981, the Family Support Act of  
1988, the Balanced Budget and Emer-  
gency Deficit Control Act of 1985, the  
Immigration and Nationality Act, the  
Head Start Act, and the School-to-Work  
Opportunities Act of 1994.

*Senate amendment*

Same.

*Conference agreement*

The conference agreement follows the  
House bill and the Senate amendment.

\* \* \* \* \*

**TITLE III—CHILD SUPPORT  
ENFORCEMENT**

\* \* \* \* \*

**[347] 11. EXPANSION OF THE  
FEDERAL PARENT LOCATOR  
SERVICE**

*Present law*

The law requires that the Federal  
Parent Locator Service (FPLS) be used  
to obtain and transmit information about  
the location of any absent parent when  
that information is to be used for the  
purpose of enforcing child support. Fed-  
eral law also requires departments or  
agencies of the United States to be  
reimbursed for costs incurred in provid-  
ing requested information to the FPLS.

Information Comparisons and Other  
Disclosures. Upon request, the Secretary  
must provide to an “authorized person”  
(i.e., an employee or attorney of a child  
support agency, a court with jurisdiction  
over the parties involved, the custodial  
parent, the legal guardian, or the child’s  
attorney) the most recent address and  
place of employment of any nonresident  
parent if the information is contained in  
the records of the Department of Health  
and Human Services or can be obtained  
from any other department or agency of  
the United States or of any State. The  
FPLS also can be used in connection  
with the enforcement or determination  
of child custody, visitation, and parental  
kidnapping. Federal law requires the  
Secretary of Labor and the Secretary of  
Health and Human Services to enter into  
an agreement to give the FPLS prompt  
access to wage and unemployment compen-  
sation claims information useful in  
locating a noncustodial parent or his  
employer.

Fees. “Authorized persons” who re-  
quest information from FPLS must be  
charged a fee.

Restriction on Disclosure and Use.  
Federal law stipulates that no informa-  
tion shall be disclosed if the disclosure  
would contravene the national policy or  
security interests of the United States or  
the confidentiality of Census data.

Quarterly Wage Reporting. The Secre-  
tary of Labor must provide prompt  
access by the Secretary of HHS to wage  
and unemployment compensation claims  
information and data maintained by the  
Labor Department or State employment  
security agencies.

*House bill*

The purposes of the Federal Parent  
Locator Service are expanded. For the  
purposes of establishing parentage, es-  
tablishing support orders or modifying  
them, or enforcing support orders, the  
Federal Parent Locator Service will pro-  
vide information to locate individuals

who owe child support or against whom  
an obligation is sought or to whom such  
an obligation is owed. Information in the  
FPLS includes Social Security number,  
address, name and address of employer,  
wages and employee benefits (including  
information about health care coverage),  
and information about assets and debts.  
The provision also clarifies the statute so  
that parents with orders providing child  
custody or visitation rights are given  
access to information from the FPLS  
unless the State has notified the Secre-  
tary that there is reasonable evidence of  
domestic violence or child abuse or that  
the information could be harmful to the  
custodial parent or child.

The Secretary is authorized to set  
reasonable rates for reimbursing Federal  
and State agencies for the costs of pro-  
viding information to the FPLS and to  
set reimbursement rates that State and  
Federal agencies that use information  
from the FPLS must pay to the Secretary.

Federal Case Registry of Child Support  
Orders. Establishes within the FPLS an  
automated registry known as the Federal  
Case Registry of Child Support Orders.  
The Federal Case Registry contains ab-  
stracts of child support orders and other  
information specified by the Secretary  
(such as names, Social Security numbers  
or other uniform identification numbers,  
and State case identification numbers) to  
identify individuals who owe or are owed  
support, or for or against whom support  
is sought to be established, and the State  
which has the case. States must begin  
reporting this information in accord with  
regulations issued by the Secretary by  
October 1, 1998.

National Directory of New Hires.  
This provision establishes within the  
FPLS a National Directory of New  
Hires containing information supplied  
by State Directories of New Hires.  
When fully implemented, the Federal  
Directory of New Hires will contain  
identifying information on virtually ev-  
ery person who is hired in the United  
States. In addition, the FPLS will con-  
tain quarterly data supplied by the State  
Directory of New Hires on wages and  
Unemployment Compensation paid. The  
Secretary of the Treasury must have  
access to information in the Federal  
Directory of New Hires for the purpose  
of administering section 32 of the Inter-  
nal Revenue Code and the Earned In-  
come Credit. The information for the  
National Directory of New Hires must  
be entered within 2 days of receipt, and  
requires the Secretary to maintain within  
the National Directory of New Hires a

<sup>1</sup>This publication of the Conference Report is  
restricted to excerpts involving tax matters. Public  
Law 104-193, page 4, this Bulletin.

list of multistate employers that choose to send their report to one State and the name of the State so elected. The Secretary must establish a National Directory of New Hires by October 1, 1997.

**Information Comparisons and Other Disclosures.** The Secretary must verify the accuracy of the name, Social Security number, birth date, and employer identification number of individuals in the Federal Parent Locator Service with the Social Security Administration. The Secretary is required to match data in the National Directory of New Hires against the child support order abstracts in the Federal Case Registry at least every 2 working days and to report information obtained from matches to the State child support agency responsible for the case within 2 days. The information is to be used for purposes of locating individuals to establish paternity, and to establish, modify, or enforce child support orders. The Secretary may also compare information across all components of the FPLS to the extent and with the frequency that the Secretary determines will be effective. The Secretary will share information from the FPLS with several potential users including State agencies administering the Temporary Assistance for Needy Families program, the Commissioner of Social Security (to determine the accuracy of Social Security and Supplemental Security Income), and researchers under some circumstances.

**Fees.** The Secretary must reimburse the Commissioner of Social Security for costs incurred in performing verification of Social Security information and States for submitting information on New Hires. States or Federal agencies that use information from FPLS must pay fees established by the Secretary.

**Restriction on Disclosure and Use.** Information from the FPLS cannot be used for purposes other than those provided in this section, subject to section 6103 of the Internal Revenue Code (confidentiality and disclosure of returns and return information).

**Information Integrity and Security.** The Secretary must establish and use safeguards to ensure the accuracy and completeness of information from the FPLS and restrict access to confidential information in the FPLS to authorized persons and purposes.

**Federal Government Reporting.** Each department of the U.S. must submit the name, Social Security number, and wages paid the employee on a quarterly basis to the FPLS. Quarterly wage re-

porting must not be filed for a Federal or State employee performing intelligence or counter-intelligence functions if it is determined that filing such a report could endanger the employee or compromise an ongoing investigation.

**Conforming Amendments.** This section makes several conforming amendments to Titles III and IV of the Social Security Act, to the Federal Unemployment Tax Act, and to the Internal Revenue Code. Among the more important are that: State employment security agencies are required to report quarterly wage information to the Secretary of HHS or suffer financial penalties and that private agencies working under contract to State child support agencies can have access to certain specified information from IRS records under some circumstances.

**Requirement for Cooperation.** The Secretaries of HHS and Labor must work together to develop cost-effective and efficient methods of accessing information in the various directories required by this title; they must also consider the need to ensure the proper and authorized use of wage record information.

#### *Senate amendment*

Same, except under "Information Comparisons and Other Disclosures" the Senate amendment drops the requirement that the Social Security Administration must determine the accuracy of payments under the Social Security and SSI programs.

#### *Conference agreement*

The conference agreement follows the House bill and the Senate amendment with the modification that the agreement follows the Senate provision dropping the requirement that the Social Security Administration determine the accuracy of Social Security and SSI payments.

\* \* \* \* \*

#### [366] Subtitle G—Enforcement of Support Orders

##### 31. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES

#### *Present law*

If the amount of overdue child support is at least \$750, the Internal Revenue Service (IRS) can enforce the child support obligation through its regular collection process, which may include seizure of property, freezing accounts, or use of other procedures if child support agencies request assistance according to prescribed rules (e.g., certifying that the delinquency is at least \$750, etc.)

#### *House bill*

The Internal Revenue Code is amended so that no additional fees can be assessed for adjustment to previously certified amounts for the same obligor.

#### *Senate amendment*

Same.

#### *Conference agreement*

The conference agreement follows the House bill and the Senate amendment.

\* \* \* \* \*

#### TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

##### [392] Subtitle F—Earned Income Credit Denied to Unauthorized Employees

##### 17. EARNED INCOME CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES

[NOTE.—For further description of this and additional earned income credit provisions, see Title IX: Miscellaneous, page 9.]

#### *Present law*

Certain eligible low-income workers are entitled to claim a refundable credit of up to \$3,556 in 1996 on their income tax return. The amount of the credit an eligible individual may claim depends upon whether the individual has one, more than one, or no qualifying children and is determined by multiplying the credit rate by the taxpayer's earned income up to an earned income amount. The maximum amount of the credit is the product of the credit rate and the earned income amount. For taxpayers with earned income (or adjusted gross income (AGI), if greater) in excess of the beginning of the phaseout range, the maximum credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or AGI, if greater) in excess of the beginning of the phaseout range. For taxpayers with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed.

In order to claim the credit, an individual must either have a qualifying child or meet other requirements. A qualifying child must meet a relationship test, an age test, an identification test, and a residence test. In order to claim the credit without a qualifying



child, an individual must not be a dependent and must be over age 24 and under age 65.

To satisfy the identification test, individuals must include on their tax return the name and age of each qualifying child. For returns filed with respect to tax year 1996, individuals must provide a taxpayer identification number (TIN) for all qualifying children born on or before November 30, 1996. For returns filed with respect to tax year 1997 and all subsequent years, individuals must provide TINs for all qualifying children, regardless of their age. An individual's TIN is generally that individual's social security number.

The Internal Revenue Service may summarily assess additional tax due as a result of a mathematical or clerical error without sending the taxpayer a notice of deficiency and giving the taxpayer an opportunity to petition the Tax Court. Where the IRS uses the summary assessment procedure for mathematical or clerical errors, the taxpayer must be given an explanation of the asserted error and a period of 60 days to request that the IRS abate its assessment. The IRS may not proceed to collect the amount of the assessment until the taxpayer has agreed to it or has allowed the 60-day period for objecting to expire. If the taxpayer files a request for abatement of the assessment specified in the notice, the IRS must abate the assessment. Any reassessment of the abated amount is subject to the ordinary deficiency procedures. The request for abatement of the assessment is the only procedure a taxpayer may use prior to paying the assessed amount in order to contest an assessment arising out of a mathematical or clerical error. Once the assessment is satisfied, however, the

taxpayer may file a claim for refund if he or she believes the assessment was made in error.

*House bill*

Individuals are not eligible for the credit if they do not include their taxpayer identification number (and, if married, their spouse's taxpayer identification number) on their tax return. Solely for these purposes and for purposes of the present-law identification test for a qualifying child, a taxpayer identification number is defined as a social security number issued to an individual by the Social Security Administration other than a number issued under section 205(c)(2)(B)(i)(II) (or that portion of sec. 205(c)(2)(B)(i)(III) relating to it) of the Social Security Act (regarding the issuance of a number to an individual applying for or receiving Federally funded benefits).

If an individual fails to provide a correct taxpayer identification number, such omission will be treated as a mathematical or clerical error. If an individual who claims the credit with respect to net earnings from self-employment fails to pay the proper amount of self-employment tax on such net earnings, the failure will be treated as a mathematical or clerical error for purposes of the amount of credit allowed.

*Senate amendment*

Similar to House bill.

*Conference agreement*

The conference agreement follows the House bill and the Senate amendment.

\* \* \* \* \*

TITLE IX—MISCELLANEOUS

[494] 10. EARNED INCOME CREDIT PROVISIONS

*A. Deny earned income credit to individuals not authorized to be employed in the United States*

[NOTE.—For additional discussion of this provision, refer to Title IV: Restricting Welfare and Public Benefits for Aliens, page 8.]

*Present law*

In general. Certain eligible low-income workers are entitled to claim a refundable credit on their income tax return. The amount of the credit an eligible individual may claim depends upon whether the individual has one, more than one, or no qualifying children and is determined by multiplying the credit rate by the individual's<sup>1</sup> earned income up to an earned income amount. The maximum amount of the credit is the product of the credit rate and the earned income amount. For individuals with earned income (or adjusted gross income (AGI), if greater) in excess of the beginning of the phaseout range, the maximum credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or AGI, if greater) in excess of the beginning of the phaseout range. For individuals with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed.

The parameters for the credit depend upon the number of qualifying children the individual claims. For 1996, the parameters are given in the following table:

<sup>1</sup>In the case of a married individual who files a joint return with his or her spouse, the income for purposes of these tests is the combined income of the couple.

	Two or more children	One qualifying child	No qualifying children
Credit rate (percent).....	40.00	34.00	7.65
Earned income amount .....	\$8,890	\$6,330	\$4,220
Maximum credit .....	\$3,556	\$2,152	\$323
Phaseout begins .....	\$11,610	\$11,610	\$5,280
Phaseout rate (percent).....	21.06	15.98	7.65
Phaseout ends .....	\$28,495	\$25,078	\$9,500

For years after 1996, the credit rates and the phaseout rates will be the same as in the preceding table. The earned income amount and the beginning of the phaseout range are indexed for inflation;

because the end of the phaseout range depends on those amounts as well as the phaseout rate and the credit rate, the end of the phaseout range will also increase if there is inflation.

In order to claim the credit, an individual must either have a qualifying child or meet other requirements. A qualifying child must meet a relationship test, an age test, an identification

test, and a residence test. In order to claim the credit without a qualifying child, an individual must be over age 24 and under age 65.

To satisfy the identification test, individuals must include on their tax return the name and age of each qualifying child. For returns filed with respect to tax year 1996, individuals must provide a taxpayer identification number (TIN) for all qualifying children born on or before November 30, 1996. For returns filed with respect to tax year 1997 and all subsequent years, individuals must provide TINs for all qualifying children, regardless of their age. An individual's TIN is generally that individual's social security number.

An individual with qualifying children may elect to receive a portion of the credit on an advance basis by furnishing an advance payment certificate to his or her employer. For such an individual, the employer makes an advance payment of the credit at the time wages are paid. The amount of advance payment allowable in a taxable year is limited to 60 percent of the maximum credit available to an individual with one qualifying child.

Mathematical or clerical errors. The Internal Revenue Service may summarize additional tax due as a result of a mathematical or clerical error without sending the taxpayer a notice of deficiency and giving the taxpayer an opportunity to petition the Tax Court. Where the IRS uses the summary assessment procedure for mathematical or clerical errors, the taxpayer must be given an explanation of the asserted error and a period of 60 days to request that the IRS abate its assessment. The IRS may not proceed to collect the amount of the assessment until the taxpayer has agreed to it or has allowed the 60-day period for objecting to expire. If the taxpayer files a request for abatement of the assessment specified in the notice, the IRS must abate the assessment. Any reassessment of the abated amount is subject to the ordinary deficiency procedures. The request for abatement of the assessment is the only procedure a taxpayer may use prior to paying the assessed amount in order to contest an assessment arising out of a mathematical or clerical error. Once the assessment is satisfied, however, the taxpayer may file a claim for refund if he or she believes the assessment was made in error.

#### *House bill*

Individuals are not eligible for the credit if they do not include their taxpayer identification number (and, if married, their spouse's taxpayer identification number) on their tax return. Solely for these purposes and for purposes of the present-law identification test for a qualifying child, a taxpayer identification number is defined as a social security number issued to an individual by the Social Security Administration other than a number issued under section 205(c)(2)(B)(i)(II) (or that portion of sec. 205(c)(2)(B)(i)(III) relating to it) of the Social Security Act (regarding the issuance of a number to an individual applying for or receiving Federally funded benefits).

If an individual fails to provide a correct taxpayer identification number, such omission will be treated as a mathematical or clerical error. If an individual who claims the credit with respect to net earnings from self-employment fails to pay the proper amount of self-employment tax on such net earnings, the failure will be treated as a mathematical or clerical error for purposes of the amount of credit allowed.

Effective date. The provision is effective for taxable years beginning after December 31, 1995.

#### *Senate amendment*

The provision in the Senate amendment is identical to that in the House bill.

#### *Conference agreement*

The conference agreement follows the House bill and the Senate amendment with a modification to the effective date. The conference agreement is effective with respect to returns the due date for which (without regard to extensions) is more than 30 days after the date of enactment of this Act.

#### *B. Change disqualified income test for earned income credit*

##### *Present law*

For taxable years beginning after December 31, 1995, an individual is not eligible for the earned income credit if the aggregate amount of "disqualified income" of the taxpayer for the taxable year exceeds \$2,350. This threshold is not indexed. Disqualified income is the sum of:

- (1) interest (taxable and tax-exempt),
- (2) dividends, and
- (3) net rent and royalty income (if greater than zero).

#### *House bill*

No provision.

#### *Senate amendment*

For purposes of the disqualified income test for the earned income credit, the following items are added to the definition of disqualified income: capital gain net income and net passive income (if greater than zero) that is not self-employment income.

The threshold above which an individual is not eligible for the credit is reduced from \$2,350 to \$2,200, and the threshold is indexed for inflation after 1996.

Effective date. The provision generally is effective for taxable years beginning after December 31, 1995. For individuals who, as of June 26, 1996, had made an election to receive the current-year credit on an advance basis, the provision is effective for taxable years beginning after December 31, 1996.

#### *Conference agreement*

The conference agreement follows the Senate amendment.

#### *C. Modify definition of adjusted gross income used for phasing out the earned income credit*

##### *Present law*

For taxpayers with earned income (or AGI, if greater) in excess of the beginning of the phaseout range, the maximum earned income credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or AGI, if greater) in excess of the beginning of the phaseout range. For taxpayers with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed.

#### *House bill*

No provision.

#### *Senate amendment*

The provision modifies the definition of AGI used for phasing out the earned income credit by including certain nontaxable income and by disregarding certain losses. The nontaxable items included are:

(1) tax-exempt interest, and

(2) nontaxable distributions from pensions, annuities, and individual retirement arrangements (but only if not rolled over into similar vehicles during the applicable rollover period).

The losses disregarded are:

(1) net capital losses (if greater than zero),

(2) net losses from trusts and estates,

(3) net losses from nonbusiness rents and royalties, and

(4) net losses from businesses, computed separately with respect to sole proprietorships (other than in farming), sole proprietorships in farming, and other businesses.

For purposes of item (4), above, amounts attributable to a business that consists of the performance of services by the taxpayer as an employee are not taken into account.

Effective date. The provision generally is effective for taxable years beginning after December 31, 1995. For individuals who, as of June 26, 1996, had made an election to receive the current-year credit on an advance basis, the provision is effective for taxable years beginning after December 31, 1996.

#### *Conference agreement*

The conference agreement modifies the definition of AGI used for phasing out the earned income credit by disregarding certain losses. The losses disregarded are:

(1) net capital losses (if greater than zero),

(2) net losses from trusts and estates,

(3) net losses from nonbusiness rents and royalties, and

(4) 50 percent of the net losses from businesses, computed separately with respect to sole proprietorships (other than in farming), sole proprietorships in farming, and other businesses.

For purposes of item (4), above, amounts attributable to a business that consists of the performance of services by the taxpayer as an employee are not taken into account.

Effective date. Same as the Senate amendment provision.

#### *D. Suspend inflation adjustments for earned income credit for individuals with no qualifying children*

##### *Present law*

To claim the earned income credit, an

individual must either have a qualifying child or meet other requirements. In order to claim a credit without a qualifying child, an individual must not be a dependent and must be over age 24 and under age 65.

The earned income amount and the beginning of the phaseout range are indexed for inflation; because the end of the phaseout range depends on these amounts as well as the phaseout rate and the credit rate, the end of the phaseout range will also increase if there is inflation.

##### *House bill*

No provision.

##### *Senate amendment*

In the case of individuals with no qualifying children there will be no adjustment for inflation after 1996 to the earned income amount or the beginning of the phaseout range.

Effective date. The provision is effective for taxable years beginning after December 31, 1996.

##### *Conference agreement*

The conference agreement follows the House bill (no provision).

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## Part IV. Items of General Interest

### Work Opportunity Tax Credit — Supplementary Instructions for Form 8850

#### Announcement 96-116

This announcement provides supplementary instructions for employers pertaining to the date-of-birth entry space on the applicant information portion of Form 8850, Work Opportunity Credit Pre-Screening Notice and Certification Request.

#### BACKGROUND

On September 26, 1996, the IRS issued Form 8850 for use by employers who wish to obtain the Work Opportunity Tax Credit (WOTC) by hiring individuals who belong to one of seven targeted groups defined in section 51(d)(11) of the Internal Revenue Code.

At the top of the Form 8850, there is an entry for the job applicant's date of birth. This information is requested on the form because of specific age requirements for membership in the following three targeted groups: high-risk youths (ages 18-24), qualified summer youth employees (ages 16-17), and qualified food stamp recipients (ages 18-24).

Some employers have expressed an interest in limiting the extent to which age information is collected in the pre-screening process to those age brackets that are determinative of eligibility in a WOTC targeted group. To accommodate this concern, the IRS expects to publish a revised Form 8850.

In a notice published in the Federal Register on October 3, 1996, the IRS requested comments on Form 8850 as required by the Paperwork Reduction Act of 1995. Those comments are due December 2, 1996. The IRS expects to publish a revised version of Form 8850 in early 1997. Meanwhile, the following supplementary instructions apply to the September 1996 version of the form.

#### SUPPLEMENTARY INSTRUCTIONS

In the case of applicants who are age 25 or older, employers are not required to ask for the applicant's date of birth and may leave the date-of-birth entry space blank on Form 8850.

The principal author of this announcement is Robert Wheeler of the Office of the Associate Chief Counsel (Employee Benefits and Exempt Organizations). For

further information regarding this announcement, contact Mr. Wheeler on (202) 622-6060 (not a toll-free call).

#### Amended Returns Under T.D. 8678

#### Announcement 96-117

The date in Temp. Treas. Reg. § 1.1502-99T(d)(4), as reprinted in the Internal Revenue Bulletin, 1996-31 I.R.B. at 28, dated July 29, 1996, should be March 26, 1997, rather than September 24, 1996. Accordingly, to the extent that T.D. 8678 requires amended returns to be filed, such returns are required to be filed before March 26, 1997. The temporary regulations relate to the operation of I.R.C. §§ 382 and 383 with respect to consolidated groups. See § 1.1502-99T(d)(4), as published in the Federal Register on June 27, 1996, 61 F.R. 33,365.

#### Foundations Status of Certain Organizations

#### Announcement 96-118

The following organizations have failed to establish or have been unable to maintain their status as public charities or as operating foundations. Accordingly, grantors and contributors may not, after this date, rely on previous rulings or designations in the Cumulative List of Organizations (Publication 78), or on the presumption arising from the filing of notices under section 508(b) of the Code. This listing does *not* indicate that the organizations have lost their status as organizations described in section 501(c)(3), eligible to receive deductible contributions.

*Former Public Charities.* The following organizations (which have been treated as organizations that are not private foundations described in section 509(a) of the Code) are now classified as private foundations:

Access to Justice, Inc., Bronx, NY  
Africa Systems Research Institute USA, Inc., Beverly Farms, MA  
Aid to Romanian Children, Inc., Quincy, MA  
Aim for Success, Inc., Mamaroneck, NY  
Alliance Child Care Center, Inc., Bronx, NY  
Alliance for the Mentally Ill of Central Middlesex Massachusetts, Littleton, MA

Almae Matris Mid Atlantic Assoc. of Alumni and Frds. Croatian, Englewood Cliffs, NJ  
American Friends of Genesis Jerusalem, Inc., New York, NY  
American Initiative for Croatia, Inc., New York, NY  
Aspen Womens Forum Scholarship Endowment Fund, Aspen, CO  
Bornholm Foundation, Inc., Queen Creek, AZ  
Career Vision in Bangladesh & International, West Newton, MA  
Center for At-Risk Educational Strategies, (CARES) Incorporated, Houston, TX  
Colorado Biomedical Research Foundation, Denver, CO  
Community Foundation of Southern Indiana, Inc., New Albany, IN  
Faith Lutheran Home Foundation Inc., Wolf Point, MT  
Fellowship Care, Inc., Midland, TX  
First Casa, Santa Fe, NM  
Fort Hood Museum Commission, Fort Hood, TX  
He & Company Foundation, Scottsdale, AZ  
Houston Drum Corps Association, Inc., Voyagers Drum & Bugle Corps., Pasadena, TX  
International Monovision Association, Denver, CO  
Media for International Development, Inc., New York, NY  
National Indian Monument and Institute, Inc., Tulsa, OK  
Network on Adoption Help, Cedar Falls, IA  
Quest for Alternative Resources, Inc., Dallas, TX  
Reserve Relief Foundation of America, Houston, TX  
Shakes Alive, Actors Repertory Theater Irving, Irving, TX  
Societas Artis Illuminatorum, Wichita, KS  
Tulsa County Sheriffs Association, Tulsa, OK  
United Living Club, Inc., Wilmington, DE  
Utah OAVP Directors Association, Provo, UT  
Watertown Youth Hockey League, Watertown, MA  
Wilson Senior Center Nutrition Site, Wilson, KS  
Womens Right Foundation, Selden, NY  
Youth Educational Support Society, Inc., Exeter, NH  
If an organization listed above submits information that warrants the re-

newal of its classification as a public charity or as a private operating foundation, the Internal Revenue Service will issue a ruling or determination letter with the revised classification as to foundation status. Grantors and contributors may thereafter rely upon such ruling or determination letter as provided in section 1.509(a)-7 of the Income Tax Regulations. It is not the practice of the

Service to announce such revised classification of foundation status in the Internal Revenue Bulletin.

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**Reporting Excess Golden  
Parachute Payments on Form  
1099-MISC**

**Announcement 96-119**

The 1997 Form 1099-MISC, Miscel-

laneous Income, which is to be filed in 1998, has been revised. Box 13 was added for payers to report excess golden parachute payments. Payers must label these payments in box 13 as "EPP". These payments were formerly reported in box 7. The 1997 Form 1099-MISC should be available during January 1997.

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## Announcement of the Disbarment, Suspension, or Consent to Voluntary Suspension of Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries From Practice Before the Internal Revenue Service

Under 31 Code of Federal Regulations, Part 10, an attorney, certified public accountant, enrolled agent, or enrolled actuary, in order to avoid the institution or conclusion of a proceeding for his disbarment or suspension from practice before the Internal Revenue Service, may offer his consent to suspension from such practice. The Director of Practice, in his discretion, may suspend an attorney, certified public accountant, enrolled agent, or enrolled actuary in accordance with the consent offered.

Attorneys, certified public accountants, enrolled agents, and enrolled actuaries are prohibited in any Internal Revenue

Service matter from directly or indirectly employing, accepting assistance from, being employed by or sharing fees with, any practitioner disbarred or suspended from practice before the Internal Revenue Service.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify practitioners under consent suspension from practice before the Internal Revenue Service, the Director of Practice will announce in the Internal Revenue Bulletin the names and addresses of practitioners who have been suspended from such practice, their designation as attorney, certified public

accountant, enrolled agent, or enrolled actuary, and date or period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks or for as many weeks as is practicable for each attorney, certified public accountant, enrolled agent, or enrolled actuary so suspended and will be consolidated and published in the Cumulative Bulletin.

The following individuals have been placed under consent suspension from practice before the Internal Revenue Service:

Name	Address	Designation	Date of Suspension
Lamb, Gordon W.	Pullman, WA	CPA	September 1, 1996 to January 31, 1997
Anderson, Randall S.	Arlington Hgts, IL	CPA	September 1, 1996 to February 28, 1998
Broderick, William J.	Farmington Hills, MI	CPA	September 1, 1996 to November 30, 1996
Ruggiero, John M.	Rutland, VT	Attorney	September 1, 1996 to October 31, 1996
Eklund, Mark	Portland, OR	CPA	September 1, 1996 to February 28, 1997
Stayner, G. Craig	Salt Lake City, UT	CPA	September 15, 1996 to June 14, 1997
Allen, Lehman D.	Lubbock, TX	CPA	September 20, 1996 to September 19, 1998
Hardgrove, David L.	Amarillo, TX	CPA	September 21, 1996 to June 20, 1997
Trader, John H.	Kansas City, MO	Attorney	September 30, 1996 to March 29, 1997
Schmertz, Carl D.	Wilmette, IL	CPA	October 1, 1996 to March 31, 1999
Bengston, Wessel	Chicago, IL	CPA	October 15, 1996 to April 14, 1997

## Announcement of the Expedited Suspension of Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries From Practice Before The Internal Revenue Service

Under title 31 of the Code of Federal Regulations, section 10.76, the Director of Practice is authorized to immediately suspend from practice before the Internal Revenue Service any practitioner who, within five years, from the date the expedited proceeding is instituted, (1) has had a license to practice as an attorney, certified public accountant, or actuary suspended or revoked for cause; or (2) has been convicted of any crime under title 26 of the United States Code or, of a felony under title 18 of the United States Code involving dishonesty or breach of trust.

Attorneys, certified public accountants, enrolled agents, and enrolled actu-

aries are prohibited in any Internal Revenue Service matter from directly or indirectly employing, accepting assistance from, being employed by, or sharing fees with, any practitioner disbarred or suspended from practice before the Internal Revenue Service.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify practitioners under expedited suspension from practice before the Internal Revenue Service, the Director of Practice will announce in the Internal Revenue Bulletin the names and addresses of practitioners who have been suspended from such practice, their designation as attorney, certified public

accountant, enrolled agent, or enrolled actuary, and date or period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks or for as many weeks as is practicable for each attorney, certified public accountant, enrolled agent, or enrolled actuary so suspended and will be consolidated and published in the Cumulative Bulletin.

The following individuals have been placed under suspension from practice before the Internal Revenue Service by virtue of the expedited proceeding provisions of the applicable regulations:

Name	Address	Designation	Date of Suspension
Alleva, Donald	Mount Vernon, NY	Enrolled Agent	Indefinite from September 5, 1996
Rose, Robert M.	Dallas, TX	Attorney	Indefinite from September 5, 1996
McGrath, Gregory	New Smyrna Bch, FL	CPA	Indefinite from September 8, 1996
Finch, Kenneth L. Jr.	Pelham, AL	CPA	Indefinite from September 8, 1996

## Definition of Terms

*Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:*

*Amplified* describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

*Clarified* is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

*Distinguished* describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

*Modified* is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling

is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

*Obsoleted* describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in law or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

*Revoked* describes situations where the position in the previously published ruling is not correct and the correct position is being stated in the new ruling.

*Superseded* describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does

more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case the previously published ruling is first modified and then, as modified, is superseded.

*Supplemented* is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

*Suspended* is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

## Abbreviations

*The following abbreviations in current use and formerly used will appear in material published in the Bulletin.*

A—Individual.

Acq.—Acquiescence.

B—Individual.

BE—Beneficiary.

BK—Bank.

B.T.A.—Board of Tax Appeals.

C.—Individual.

C.B.—Cumulative Bulletin.

CFR—Code of Federal Regulations.

CI—City.

COOP—Cooperative.

Ct.D.—Court Decision.

CY—County.

D—Decedent.

DC—Dummy Corporation.

DE—Donee.

Del. Order—Delegation Order.

DISC—Domestic International Sales Corporation.

DR—Donor.

E—Estate.

EE—Employee.

E.O.—Executive Order.

ER—Employer.

ERISA—Employee Retirement Income Security Act.

EX—Executor.

F—Fiduciary.

FC—Foreign Country.

FICA—Federal Insurance Contribution Act.

FISC—Foreign International Sales Company.

FPH—Foreign Personal Holding Company.

FR—Federal Register.

FUTA—Federal Unemployment Tax Act.

FX—Foreign Corporation.

G.C.M.—Chief Counsel's Memorandum.

GE—Grantee.

GP—General Partner.

GR—Grantor.

IC—Insurance Company.

I.R.B.—Internal Revenue Bulletin.

LE—Lessee.

LP—Limited Partner.

LR—Lessor.

M—Minor.

Nonacq.—Nonacquiescence.

O—Organization.

P—Parent Corporation.

PHC—Personal Holding Company.

PO—Possession of the U.S.

PR—Partner.

PRS—Partnership.

PTE—Prohibited Transaction Exemption.

Pub. L.—Public Law.

REIT—Real Estate Investment Trust.

Rev. Proc.—Revenue Procedure.

Rev. Rul.—Revenue Ruling.

S—Subsidiary.

S.P.R.—Statements of Procedural Rules.

Stat.—Statutes at Large.

T—Target Corporation.

T.C.—Tax Court.

T.D.—Treasury Decision.

TFE—Transferee.

TFR—Transferor.

T.I.R.—Technical Information Release.

TP—Taxpayer.

TR—Trust.

TT—Trustee.

U.S.C.—United States Code.

X—Corporation.

Y—Corporation.

Z—Corporation.



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<sup>1</sup>A cumulative list of all Revenue Rulings, Revenue Procedures, Treasury Decisions, etc., published in Internal Revenue Bulletins 1996–1 through 1996–26 will be found in Internal Revenue Bulletin 1996–27, dated July 1, 1996.

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<sup>1</sup>A cumulative finding list for previously published items mentioned in Internal Revenue Bulletins 1996–1 through 1996–26 will be found in Internal Revenue Bulletin 1996–27, dated July 1, 1996.